Evolution of Active and Inactive Population in Romania

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Abstract: For having a competitive agriculture in a market economy, it's necessary for the labor market to have special importance, not only to that part working only in agriculture but also for those who work only partially in this economic sector. It is necessary to take into account the uneven distribution of labor in the territory and the seasonal migration both from the same county and the migration between different counties. " (Ralucu Zorzoliu, 2011, pp. 45)

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JEL classification: J120

Introduction

The prospective estimation of working population by sex and age design requires a prior projection of population by gender and age and a choosing one or a series of activity rates, also, by sex and age. (International Labor Organization, 2011); Loichinger, 2015. The objective of this prospective approach is examining how major changes in birth rates will put their mark on the size and age structure of the working population and the use of constant activity rates, the 2013 is what is required.

Some ascertain cannot be drawn from examining curves activity rates by sex and age:

- the participation in economic activity was and remained higher for men of all ages;
- the activity rates had the highest values in men and women between 30 and 50 years; however, differentiation can be noticed having peaks age: the age of 30 years for men and at the age of 45 years for women;
- - and men and women participation in economic activity is reduced in our country at all ages young and adult, the exception being an age group 65 and over, already mentioned and commented; the gap is more important to women; the differences are more important at ages younger than 25 years, and the population of 50-64 years; lower average retirement age in our country could explain the latter case;
- a moderate inflection of the curve can be observed of the activity rates in women around the age of 30 years, motivated by a parental interruption (observed for a long time in European populations).

1. **Labor Resources**

At the beginning of 2014, labor resources were 13,997.9 thousand persons representing 65.8% of the total population of the country, decreasing by 35.8 thousand persons compared to the previous year.

The majority quota within labor resources was held by men (51.6%). In 2013, the population suitable for work had a share of 99.3% in total labor resources. The ratio of men exceeded that of women by 5.0 percentage points. People under and over the working age who were active represented 4.1% of labor resources; within this category, women were the majority (68.0%).

**Table 1.1: The population by participation in economic activity, in the period 1993-2012**

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed</td>
<td>1.164,7</td>
<td>1.130,3</td>
<td>750</td>
<td>845</td>
<td>692</td>
<td>575</td>
<td>725</td>
<td>454,5</td>
</tr>
<tr>
<td>Unemployment rate - %</td>
<td>10,4</td>
<td>11,8</td>
<td>6,6</td>
<td>8,4</td>
<td>7,0</td>
<td>5,8</td>
<td>7,3</td>
<td>5,1</td>
</tr>
</tbody>
</table>


Between 1990-2012, the active employed population decreased by 10%, but gratifying aspect is that the number of unemployed decreased by 60% over the same period referred.

After 1990, the privatization process that took place in Romania led to the sharp decline in the number of employees and halted the rural population access to jobs in the cities, through a comprehensive process of layoffs, primarily those who had landed property. Thus, agriculture was the only sector of the economy that could absorb excess labor, the effect being: widespread underemployment and lower labor productivity.

Unemployment in 2010 has reached the level in 2006, after three years of declines, in 2010 rose to 7.3 percent, in urban areas a value of 9.1% and 5.0% in the countryside, this indicator is one of the few, along with the employment rate, activity rate, which bring benefit rural areas.
The resident population projected at the mid 2013 (almost 20 million) and the assumptions on three components that determine the annual inputs and outputs are the following (details in Ghețău, 2014):

- the total fertility rate will remain at the same value as the last 20 years - 1.3 children per woman; but the age structure of fertility change will continue in the latter half of the 1990s, the reduction in fertility ages below 25 years, and even at 25-29, and increased fertility after age 25 years and in greater fertility after the age of 30 years; structures were used fertility in developed European countries where the age at marriage and childbirth were installed and developed earlier;

- life expectancy at birth will continue its upward trend and the mid-century values will be the ones of the 2012 revision (published in 2013) of World Population Perspectives developed by Population Division of the UN (United Nations Population Division, 2013).

- It is not included a hypothesis about external migration; the external migration evolution is today unforeseeable, it will depend on the economic and social context in the country but also in developed European countries towards which the massive emigration of Romanians has oriented so far; recovering from recession and returning to high and stable economic growth of the developed countries in the European Union will encourage immigration.

2. The 2040 Perspective: Where Does the Conservation of the Current Activity Go. The Number and Structure by Sex and Age of the Working Population

Choosing the 2040 perspective is motivated by the long-term effects of large variations of birth rates in the 1960s and 1970s on the age structure of the population, including the
working population. It was used as a mid-century milestone, where developments of the years 2040 and 2050 describe the particular development.

In line with the assumptions mentioned, the population residing in Romania would reach 17.1 million inhabitants in 2040 and the economically active population would reach 7.2 million. In general, reducing the size of the active population in a population in decline for several decades firmly occurs automatically and enter into the logic of population trends.

The smaller rebound in absolute value of the active population and the modest altering of its proportion of the total population can be explained by resorting to analyze the comparative dynamics and the structural element.

The active population rebound would be 20%, two times higher than the economically inactive population, which means a deterioration in the economic dependency ratio of inactive people. There are now 121 inactive and of 100 active and this will reach 137 in 2040 (with a well installed perspective of reaching a ratio of 150 by mid-century) (Fig. 2).

![Figure 2: Ratio of economic dependency of inactive persons 2013-2050](http://cursdeguvernare.ro/populatia-activa-economic-a-romaniei-o-perspectiva-dincolo-de-datele-insi-o-comparatie-cu-tarile-ue.html)

Reducing the number of the economically active population will come from the expected contraction of the population with ages with the most important participation in the economic activity - between 25 and 50 years of age at the older generations from 1967 to 1970 will still be active but only temporarily, which is increasing, has a low participation in the economic activity. Young generations born after 1990 will play a major role in the numerical evolution of the active population.

At the age group level, the rebound of working population is and will continue to be the most important as the dimension to young active population, under 40 years, the population is composed in ascendant proportion by generations born after 1990, in the low birth rates context. (Figure 3).
The 1967-1970 generations will increase the active population aged 40-50 years until 2017, but at this age will younger generation will penetrate which will diminish the active
population aged 40-50 years. The same large generations will have the same positive effect, but temporary (during 2018-2026), on the active population at 50-60, installing its decline afterwards. A modest upward trend will only have the active population of 60 years and over. The regress of the number of working population will automatically lead to increasing the proportion of inactive population and increasing economic burden (Figure 6) of the population aged 15 and over.

We approached the economically active population perspective and not perspective of people engaged in economy.

In 2003, the employed population represented 93% of the active population, the difference representing the working unemployed population. Increasing the size of the active population segment, a central objective of the employment policies can have two sources - the active population unemployed, the active unoccupied population, the unemployed and recruitment of the inactive population.

The strategies for employment differ by choosing the source of recruitment based on a multitude of criteria and I will mention just the qualification in relation to the job needs and requirements, complexity of activity, age, in some cases - marital status, health status, previous, the company’s prospects, the general economic situation, the government economic policies.

![Figure 4: The % of inactive population on total population](http://cursdeguvernare.ro/populatia-activa-economic-a-romaniei-o-perspectiva-dincolo-de-datele-insi-o-comparatie-cu-tarile-ue.html)

Addressing together the two components of the economically active population may be an option and because it covers a larger ratio of a national population and studying the way the structural changes that are taking place in the whole population put their mark on the working and unemployed economic population has more relevance.

The active population represents almost half of the country population and a comparative look on how active population by sex and age overlaps the entire population by sex and age in the years 2013 and 2040 is relevant on the relationship between the two
populations. To a smaller total population corresponds naturally with a smaller working population (Figure 5).

The dimension that is visibly lower of the female working population after the age of 55 in 2040, comes from younger generations at this age compared with those in 2013, combined with lower activity rates at those ages. Pyramids also show at what age could increase the participation in economic activity through higher rates.

With the rates of activity from 2013, the workforce, as offer, it is about reach a rebound of the number by changes they will occur in the number of population by age. With a population significantly lower, other things being equal, the working population shrinks in size. It is a negative development? If activity rates by age are high, very high, and they remain in context of the declining population, the decreasing of working population does not affect the population’s wealth, as long as this participation in economic activity determines the wealth. An increase in activity rates increases wealth and the overall economic and social state of society.

![Figure 5: Total population and active population on sex and age in 2013 and forecast for 2014](http://cursdeguvernare.ro/populatia-activa-economic-a-romaniei-o-perspectiva-dincolo-de-datele-insi-o-comparatie-cu-tarile-ue.html)

**Conclusion**

The level of participation in economic activity is relevant for measuring the extent to which people contribute to the production of wealth in society and we can associate
valences that refines knowledge on the development of a country and the way in which labor is used.

The target for 2020 is, for our country, is to achieve an employment rate of 70% of the population of 20-64 years. The annual rate value was 64% in 2013.

The demographic aging is visible in both populations and the pyramids for 2040 it can be observed a deteriorating relationship between the active population and the elderly, economically inactive, even if, in parallel, it is diminished the ratio of economic dependency of children in the bottom of the pyramid, by younger generations.

- the total fertility rate will remain at the same value as the last 20 years - 1.3 children per woman; but the age structure of fertility change will continue in the latter half of the 1990s, the reduction in fertility ages below 25 years, and even at 25-29, and increased fertility after age 25 years and in greater fertility after the age of 30 years; structures were used fertility in developed European countries where the age at marriage and childbirth were installed and developed earlier;

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Reaching the target rate involves significant changes in economic policies, in education, in training programs, professional reconversion. Without a considerable increasing the participation in economic activity, particularly in the young population, proximity to the average values of major economic and social indicators in the European Union, is not possible. And considering the effects of the expected changes of number of population structure by age can only be beneficial for establishing the growth programs and policies.

References


